

## Department of Education

### Summary

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DESCRIPTION	FY 2003	FY 2004	FY 2005	
	ACTUAL	ESTIMATE	OSPb	JLBC
<b>PROGRAM BUDGET</b>				
General Services Administration	13,782,100	14,094,300		14,179,100
Assistance to Schools	2,660,460,400	3,015,753,500		3,222,155,400
State Board of Education	439,600	498,600		595,300
<b>AGENCY TOTAL</b>	<b>2,674,682,100</b>	<b>3,030,346,400</b>		<b>3,236,929,800</b>

### OPERATING BUDGET

<i>Full Time Equivalent Positions</i>	209.2	206.2		207.2
Personal Services	4,148,400	4,687,900		4,737,900
Employee Related Expenditures	1,014,300	1,142,900		1,154,600
Professional and Outside Services	741,100	115,800		145,800
Travel - In State	56,000	45,900		47,900
Travel - Out of State	4,900	0		0
Other Operating Expenditures	1,290,500	1,037,300		1,040,300
Equipment	50,900	0		0
<b>OPERATING SUBTOTAL</b>	<b>7,306,100</b>	<b>7,029,800</b>		<b>7,126,500</b>
Special Line Items (SLI)	2,667,376,000	3,023,316,600		3,229,803,300
<b>AGENCY TOTAL</b>	<b>2,674,682,100</b>	<b>3,030,346,400</b>		<b>3,236,929,800</b>

### FUND SOURCES

General Fund	2,598,171,700	2,962,135,100		3,181,789,000
<u>Other Appropriated Funds</u>				
Permanent State School Fund	70,263,000	59,761,100		46,509,100
Proposition 301 Fund	4,942,000	6,915,200		7,000,000
Teacher Certification Fund	1,305,400	1,535,000		1,631,700
SUBTOTAL - Other Appropriated Funds	76,510,400	68,211,300		55,140,800
<b>SUBTOTAL - Appropriated Funds</b>	<b>2,674,682,100</b>	<b>3,030,346,400</b>		<b>3,236,929,800</b>
Other Non-Appropriated Funds	337,460,700	340,258,900		359,628,800
Federal Funds	637,532,100	753,005,600		753,005,600
<b>TOTAL - ALL SOURCES</b>	<b>3,649,674,900</b>	<b>4,123,610,900</b>		<b>4,349,564,200</b>

### CHANGE IN FUNDING SUMMARY

#### FY 2004 to FY 2005 JLBC

	\$ Change	% Change
General Fund	219,653,900	7.4%
Other Appropriated Funds	(13,070,500)	(19.2%)
Total Appropriated Funds	206,583,400	6.8%
Non Appropriated Funds	19,369,900	1.8%
Total - All Sources	225,953,300	5.5%

**AGENCY DESCRIPTION** — The Department of Education is headed by the Superintendent of Public Instruction, an elected constitutional officer. For FY 2005 it is anticipated that the department will oversee 228 school districts and approximately 500 charter schools in their provision of public education from preschool through grade 12.

	FY 2003 Appropriation	FY 2003 Actual	FY 2004 Appropriation	FY 2005 Recommend.
<b>PERFORMANCE MEASURES</b>				
• % of agency staff turnover	18	NA	18	18
• Administration as a % of total cost	0.2	NA	0.2	0.2
• Total cost of administration (\$ in millions)	4.7	NA	6.5	6.8

**Comments:** The agency did not submit information for any measure labeled as “NA.”

## RECOMMENDED CHANGES FROM FY 2004

### Basic State Aid

Enrollment Growth @ 3.5%	GF	\$ 161,847,000
Net Assessed Valuation Growth @ 7%	GF	(102,374,200)
2% Inflator (Prop 301)	GF	76,289,500
“Truth in Taxation”	GF	30,085,100
Department of Juvenile Corrections	GF	(145,800)
Other Adjustments	GF	425,300
Endowment Earnings	OF (11,529,300)	GF 11,529,300
Base Adjustment	OF (1,722,700)	GF 25,800,600
<b>Subtotal</b>	<b>OF (13,252,000)</b>	<b>GF 203,456,800</b>

### Additional State Aid (“Homeowner’s Rebate”)

Base Adjustment	GF	(3,598,800)
Net Assessed Value Growth @ 6%	GF	18,320,900
<b>Subtotal</b>	<b>GF</b>	<b>14,722,100</b>

### Other

Special Education Fund Caseload	GF	1,475,000
Stanford 9 Caseload	OF 84,800	GF 0
Teacher Certification	OF 96,700	GF 0
<b>Subtotal</b>	<b>OF 181,500</b>	<b>GF 1,475,000</b>

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**JLBC RECOMMENDED FORMAT** — Varies by Program

### OTHER ISSUES

The total recommended General Fund appropriation of \$3,181,789,000 for FY 2005 includes \$206,919,900 that will not appear in the General Appropriation Act for FY 2005 because it has already been “advance appropriated” by bills from prior sessions. The \$206,919,900 total includes \$191,293,800 for the K-12 “rollover” for FY 2005 from Laws 2003, Chapter 264 and \$15,626,100 for English Learner programs for FY 2005 from Laws 2001, Chapter 9 (the “Flores bill”).

SUMMARY OF FUNDS	FY 2003 Actual	FY 2004 Estimate
<b>Academic Contests (EDA1006/A.R.S. § 15-1241)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations from the state General Fund.		
<b>Purpose of Fund:</b> To pay for sending state level winners of academic contests and their chaperons to national contests.		
<b>Funds Expended from the General Fund</b>	48,800	50,000
<b>Year-End Fund Balance</b>	1,200	1,200
<b>Assistance for Education (EDA2420/A.R.S. § 43-617)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> State income tax refunds that are donated to the fund via a check-off box on state income tax forms pursuant to A.R.S. § 43-617.		
<b>Purpose of Fund:</b> To provide additional funding support for public schools.		
<b>Funds Expended</b>	116,800	25,000
<b>Year-End Fund Balance</b>	29,400	29,400
<b>Charter Schools Stimulus (EDA1007/A.R.S. § 15-188)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations from the state General Fund.		
<b>Purpose of Fund:</b> To encourage the establishment of charter schools by assisting with charter school start-up costs.		
<b>Funds Expended from the General Fund</b>	0	0
<b>Year-End Fund Balance</b>	0	0

SUMMARY OF FUNDS	FY 2003 Actual	FY 2004 Estimate
<b>Classroom Site (EDA2471/A.R.S. § 15-977)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies transferred to the fund from a 0.6% sales tax and from growth in the Permanent State School Fund expendable earnings above the FY 2001 level. Those transfers and establishment of the fund itself were authorized by voter approval of Proposition 301 in the November 2000 General Election.		
<b>Purpose of Fund:</b> To provide additional funding for teacher compensation increases based on performance (40%); teacher base salary increases (20%); and class size reduction, AIMS intervention programs, teacher development, dropout prevention and teacher liability insurance premiums (40%).		
<b>Funds Expended</b>	298,461,400	252,511,300
<b>Year-End Fund Balance</b>	40,740,200	40,740,100
<b>Education Commodity (EDA4210/A.R.S. § 15-1152)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Fees from school districts participating in the federal Food Commodities Program.		
<b>Purpose of Fund:</b> To pay for costs of administering the federal Food Commodities Program.		
<b>Funds Expended</b>	312,100	327,000
<b>Year-End Fund Balance</b>	123,100	0
<b>Education Donations (EDA2025/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Grants received by the department from foundations or other private sector donors.		
<b>Purpose of Fund:</b> To help pay for conferences, programs or other activities that are sponsored by donor organizations.		
<b>Funds Expended</b>	151,300	23,900
<b>Year-End Fund Balance</b>	58,600	64,000
<b>English Learner Classroom Personnel Bonus (EDA9502/A.R.S. § 15-943.04)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Appropriation from Laws 2001, Chapter 9, 2 <sup>nd</sup> Special Session (the “Flores” bill).		
<b>Purpose of Fund:</b> To provide bonuses to classroom personnel based on the number of English Learners who become proficient in English.		
<b>Funds Expended from the General Fund</b>	0	5,859,100
<b>Year-End Fund Balance</b>	0	0
<b>Failing Schools Tutoring (EDA2470/A.R.S. § 15-241)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies automatically appropriated to the fund from a 0.6% sales tax. That tax and the fund itself were authorized by voters through passage of Proposition 301 in the November 2000 General Election. Proposition 301 automatically appropriates \$1,500,000 per year to the fund from the 0.6% sales tax revenues. As of the end of FY 2003, ADE had not spent any monies from this fund because “failing” schools had not yet been identified. Unspent prior year appropriations are being carried forward and eventually will be spent.		
<b>Purpose of Fund:</b> To pay for the tutoring of students in “failing schools” pursuant to A.R.S. § 15-241.		
<b>Funds Expended</b>	0	1,500,000
<b>Year-End Fund Balance</b>	3,125,000	3,125,000
<b>Federal (EDA2000/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Federal grants for programs such as Child Nutrition Assistance, Federal Impact Aid - Public Law 81-874, Title I, Special Education – Title VIB, and Vocational Education.		
<b>Purpose of Fund:</b> To be expended as stipulated by federal statutes that authorize the Federal grants.		
<b>Funds Expended</b>	637,532,100	753,005,600
<b>Year-End Fund Balance</b>	3,720,400	308,300
<b>Instructional Improvement (EDA2492/A.R.S. § 15-979)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Shared revenue from Indian gaming, as authorized by Proposition 202 from the 2002 General Election. The Instructional Improvement Fund receives 56% of total shared revenue from Proposition 202.		
<b>Purpose of Fund:</b> Clearing fund for Proposition 202 revenues that are dedicated to public schools.		
<b>Funds Expended</b>	0	21,617,400
<b>Year-End Fund Balance</b>	0	

SUMMARY OF FUNDS	FY 2003 Actual	FY 2004 Estimate
<b>Internal Services (EDA4209/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Intra-office fees for copier services, MIS maintenance, postage and other miscellaneous expenditures.		
<b>Purpose of Fund:</b> Clearing fund for miscellaneous intra-office revenues and expenditures.		
<b>Funds Expended</b>	2,863,700	5,788,600
<b>Year-End Fund Balance</b>	3,255,400	1,810,000
<b>Permanent State School (EDA3138/A.R.S. § 37-521)</b>		<b>Partially-Appropriated</b>
<b>Source of Revenue:</b> Monies received from the sale or lease of state school trust lands and interest earnings principal balances in the fund. Under A.R.S. § 37-521, expendable earnings in the fund, up to the amount generated in FY 2001 (\$72,263,000), are automatically appropriated first to pay for debt service on State School Facilities Revenue Bonds, Qualified Zone Academy Bonds or State School Trust Revenue Bonds. Any remaining monies from the \$72,263,000 "baseline" total are then subject to appropriation to the Department of Education (ADE) to help fund Basic State Aid pursuant to A.R.S. § 15-971H. Expendable earnings beyond the \$72,263,000 "baseline" total from FY 2001 are automatically deposited into the Classroom Site Fund, as required by A.R.S. § 37-521(B4).		
In the display below, the "Appropriated Funds Expended" total for both years includes \$2,000,000 for QZAB debt service and \$70,263,000 for Basic State Aid. The "Transfer to Classroom Site Fund" total for both years consists of monies that are automatically appropriated from this fund into the Classroom Site Fund pursuant to A.R.S. § 37-521(B4). (No funds are expected to be transferred in FY 2004.)		
<b>Purpose of Fund:</b> To support common schools.		
<b>Appropriated Funds Expended</b>	72,263,000	58,038,400
<b>Transfer to Classroom Site Fund</b>	37,333,500	0
<b>Year-End Fund Balance</b>	2,371,600	2,371,600
<b>Production Revolving (EDA4211/A.R.S. § 15-237)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Print shop collections from in-house and interagency publishing.		
<b>Purpose of Fund:</b> Revolving fund for revenues and expenditures from the agency print shop.		
<b>Funds Expended</b>	1,091,500	1,717,000
<b>Year-End Fund Balance</b>	1,455,700	877,300
<b>Proposition 301 (EDA1004/A.R.S. § 42-5029.E)</b>		<b>Partially-Appropriated</b>
<b>Source of Revenue:</b> Sales tax revenue from Proposition 301 from the November 2000 General Election. A.R.S. § 42-5029(E) authorizes the Legislature to appropriate up to \$7,000,000 of those revenues each year for school accountability ( <i>see "Appropriated Funds Expended" below</i> ). It also automatically appropriates from Proposition 301 revenues \$7,800,000 annually for School Safety, \$200,000 annually for Character Education and varying amounts each year through FY 2006 for additional school days ( <i>see "Other Funds Expended" below</i> ). These amounts do not include Proposition 301 monies that are automatically appropriated each year to the Classroom Site Fund and Failing Schools Tutoring Fund, which appear above under the separate headings for those two funds.		
<b>Purpose of Fund:</b> To pay for school accountability functions that are required by Proposition 301.		
<b>Appropriated Funds Expended</b>	4,942,000	6,915,200
<b>Other Funds Expended</b>	34,428,900	56,727,700
<b>Year-End Fund Balance</b>	0	0
<b>Research Based Reading Instruction and Reading Instruction Training (EDA2413/Laws 2002, Ch. 295)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations from the state General Fund.		
<b>Purpose of Fund:</b> Pays for teacher training in methods of reading instruction, pursuant to A.R.S. § 15-704.		
<b>Funds Expended from the General Fund</b>	518,400	1,000,000
<b>Year-End Fund Balance</b>	0	0
<b>Special Education (EDA1009/A.R.S. § 15-1182)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations from the state General Fund.		
<b>Purpose of Fund:</b> To provide voucher funding for students attending the Arizona State Schools for the Deaf and the Blind pursuant to A.R.S. § 15-1182 or who are placed in a private special education facility pursuant to A.R.S. § 15-1202.		
<b>Funds Expended from the General Fund</b>	27,600,900	29,617,600
<b>Year-End Fund Balance</b>	808,100	808,100

SUMMARY OF FUNDS	FY 2003 Actual	FY 2004 Estimate
<b>Teacher Certification</b> (EDA1003/A.R.S. § 15-531)		<b>Appropriated</b>
<b>Source of Revenue:</b> Fees collected by the State Board of Education from teachers and other school personnel who apply for professional certification.		
<b>Purpose of Fund:</b> To provide monies for operation of the department's Teacher Certification program. (The fund technically is a sub-account of the state General Fund, rather than a statutorily-created separate fund.)		
<b>Funds Expended</b>	1,305,400	1,535,000
<b>Year-End Fund Balance</b>	487,700	566,700
<b>Arizona Youth Farm Loan</b> (EDA2136/A.R.S. § 15-1172)		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> The investment of trust funds held by the United States as trustee for the Arizona Rural Rehabilitation Corporation.		
<b>Purpose of Fund:</b> To furnish financial assistance to deserving young persons, under 25 years of age, who are students or former students of vocational education or to young farmers in organized vocational agriculture classes who are interested in becoming established in farming. The financial assistance is provided as guaranteed loans for those who cannot obtain financing elsewhere.		
<b>Funds Expended</b>	35,000	21,000
<b>Year-End Fund Balance</b>	408,100	395,600

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